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SPECIAL REPORT Issue #1: America's Money

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Now hiring: Door-to-door sellers

Direct marketers say feeling of job insecurity in an uncertain economy is drawing more Americans into the industry.

By Parija B. Kavilanz, CNNMoney.com senior writer
October 30, 2008: 1:34 PM ET

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NEW YORK (CNNMoney.com) -- Workers losing jobs in the economic downturn may be finding the door open to a new line of work.

Direct sellers, companies that market products directly to consumers, say more people want to join their sales forces.

Connie Tang, president of beauty and skin care products marketer Jafra U.S.A, said recruiting seminars in 22 cities this month have been packed.

"Close to 1,000 people have already joined the Jafra network," she said after a week on the road.

Although Tang wouldn't disclose how many people have signed up with the company this year, she said the number of new consultants year-to-date "is trending above last year." The company currently has about 80,000 consultants in the United States.

About 15 million Americans work in direct marketing, doing such things as going door to door or hosting product "parties," according to the Direct Selling Association (DSA), an industry trade group.

DSA spokeswoman Amy Robinson said industry hiring, which declined 1.3% in 2007 and was weak in the first half of the year, has picked up in recent months - just as the full impact of the financial crisis started to be felt.

"This is what we're hearing from several of our members," she said.

Direct selling has a low start-up costs, typically between \$100 to \$200 for a starter kit.

According to DSA, the average yearly income from a direct selling job is \$2,400, or about \$200 a month.

"Direct selling isn't a full-time job," Robinson said. "It gives you extra money to go on vacation, get the refrigerator fixed or buy Christmas gifts. It's about getting some extra money in the pocket."

Jafra's Tang agreed.

"People are losing their full-time jobs and need to get income quickly," she said.

Also, with retailers expected to cut back on seasonal holiday hiring, those who count on a year-end retail job are now looking at direct sales, she said.

But what has surprised her the most was the sizeable turnout she recently had at a college campus in Phoenix.

"I found out that many college students are dropping out and need a job because their parents don't have the disposable income to pay tuition," Tang said.

Then there's Veronica Davis' situation. Davis, 49, is a project manager with Electronic Data Systems in Detroit. She's been with the company for 13 years.

Earlier this year, EDS was acquired by Hewlett-Packard (HPQ, Fortune 500). Davis is now uncertain about her job.

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October 30, 2008 4:03 PM ET

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"If it came to a point where I had to leave the company, I want to be established doing something I'm interested in," Davis said.

As a part-time Jafra sales associate for a month, she has already earned \$500. Davis said she'll use the money to partly pay for extra expenses and invest the rest back into her Jafra business.

Rich Razgaitis, president of direct seller Univera, Inc. (North America), is also on a 14-city road tour to recruit associates to sell the company's nutritional supplements.

Razgaitis, whose company already has a salesforce "of tens of thousands," said new recruits this month are up 20% over the same month last year.

"This is a time when people want control over their own financial situation," said Razgaitis, and direct selling provides the opportunity to secure a primary or secondary income at a time when "there's so much uncertainty."

According to Razgaitis, a Univera associate can earn between \$300 to \$500 a month part-time or up to \$5,000 or more full-time.

Direct selling has worked out so well for George Briere after he lost his job in January that the 37-year-old former sales manager from Michigan said "his days of having a full-time job are over."

"I got rid of my alarm clock eight months ago and I'm never going back," he said.

Briere sells Shaklee's line of nutritional products. Shaklee's compensation structure allows Briere to earn 34% commission on his sales volume, an additional 7% performance bonus and \$125 bonus for each additional person he recruits into the Shaklee network.

With an initial investment of just under \$300 for his starter kit, he earned \$600 in his first month and a few thousand dollars in total since then.

But most direct sellers don't offer health and retirement plans. Does that worry Briere, since he's made a full-time commitment to Shaklee?

Not really, he said. "I consider my residual income as a wonderful retirement plan," he said. ■

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